QUARTERLY REPORT

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

For The Quarter Ended June 30, 2001

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

BALANCE SHEETS

JUNE 30, 2001 AND 2000
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents	$ 19,284	$ 20,118
2	Short-term investments	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2001, $ 10,320 ; 2000, $ 5,740). NOTE 2	16,334	15,640
4	Inventories	1,934	2,504
5	Prepaid expenses and other current assets	2,517	2,606
6	Total current assets	40,069	40,868
7	Investments, Advances, and Receivables. NOTE 3	9,645	8,512
8	Property And Equipment - Gross. NOTE 4	527,292	517,146
9	Less: Accumulated Depreciation/Amortization. NOTES 1 & 4	(221,588)	(203,380)
10	Property And Equipment - Net	305,704	313,766
11	Other Assets. NOTES 1 & 5	78,528	86,131
12	Total Assets	$ 433,946	$ 449,277
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable	$ 4,450	$ 7,251
14	Notes payable	-	-
	Current portion of long-term debt		
15	Due to affiliates	-	-
16	Other	-	-
17	Income taxes payable and accrued	-	-
18	Other accrued expenses. NOTE 6	22,128	22,391
19	Other current liabilities. NOTE 7	6,599	5,090
20	Total current liabilities	33,177	34,732
	Long-Term Debt:		
21	Due to affiliates. NOTE 8	200,000	200,000
22	Other	-	-
23	Deferred Credits	-	-
24	Other Liabilities. NOTE 9	153,191	175,413
25	Commitments And Contingencies. NOTE 1	-	-
26	Total Liabilities	386,368	410,145
27	Stockholders', Partners', or Proprietor's Equity. NOTE 10	47,578	39,132
28	Total Liabilities And Equity	$ 433,946	$ 449,277

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2001 and 2000

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Revenues:		
1	Casino	$ 159,960	$ 157,726 *
2	Rooms	11,640	11,834
3	Food and beverage	20,136	19,574
4	Other	5,056	3,893
5	Total Revenues	196,792	193,027
6	Less: Promotional allowances	22,696	21,829
7	Net Revenues	174,096	171,198
	Costs And Expenses:		
8	Cost of goods and services	90,892	87,388 *
9	Selling, general, and administrative	48,940	45,657 *
10	Provision for doubtful accounts	930	1,617
11	Total Costs and Expenses	140,762	134,662
12	Gross Operating Profit	33,334	36,536
13	Depreciation and Amortization	11,337	11,317
	Charges from affiliates other than interest:		
14	Management fees NOTE 11	5,225	5,255
15	Other	-	-
16	Income (Loss) From Operations	16,772	19,964
	Other Income (Expenses):		
17	Interest (expense)-affiliates	(8,981)	(8,976)
18	Interest (expense)-external	-	-
19	Investment alternative tax and related income (expense) - net	(830)	(718)
20	Nonoperating income (expense) - net NOTE 12	66	221
21	Total Other Income (Expenses)	(9,745)	(9,473)
22	Income (Loss) Before Income Taxes And Extraordinary Items	7,027	10,491
23	Provision (credit) for income taxes	2,944	4,285
24	Income (Loss) Before Extraordinary Items	4,083	6,206
25	Extraordinary items (net of income taxes - 20__, $)	-	-
26	Net Income (Loss)	$ 4,083	$ 6,206

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

*Restated to conform to the 2001 presentation.

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2001 and 2000
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Revenues:		
1	Casino	$ 86,565	$ 85,518 *
2	Rooms	6,310	6,323
3	Food and beverage	10,371	10,250
4	Other	2,729	2,020
5	Total Revenues	105,975	104,111
6	Less: Promotional allowances	11,579	11,452
7	Net Revenues	94,396	92,659
	Costs And Expenses:		
8	Cost of goods and services	46,223	44,302 *
9	Selling, general, and administrative	26,088	24,530 *
10	Provision for doubtful accounts	542	1,182
11	Total Costs and Expenses	72,853	70,014
12	Gross Operating Profit	21,543	22,645
13	Depreciation and Amortization	5,702	5,596
	Charges from affiliates other than interest:		
14	Management fees. NOTE 11	2,825	2,865
15	Other	-	-
16	Income (Loss) From Operations	13,016	14,184
	Other Income (Expenses):		
17	Interest (expense)-affiliates	(4,485)	(4,480)
18	Interest (expense)-external	-	-
19	Investment alternative tax and related income (expense) - net	(432)	(310)
20	Nonoperating income (expense) - net. NOTE 12	109	60
21	Total Other Income (Expenses)	(4,808)	(4,730)
22	Income (Loss) Before Income Taxes And Extraordinary Items	8,208	9,454
23	Provision (credit) for income taxes	3,426	3,862
24	Income (Loss) Before Extraordinary Items	4,782	5,592
25	Extraordinary items (net of income taxes - 20__, $)	-	-
26	Net Income (Loss)	$ 4,782	$ 5,592

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

*Restated to conform to the 2001 presentation.

TRADING NAME OF LICENSEE: GNOC. Corp. (Atlantic City Hilton)

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND THE SIX MONTHS ENDED JUNE 30, 2001

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Shareholder's Equity (Deficit) (j)
1	**Balance, December 31, 1999**	3,002,510	$ 30		$	$ 123,421	$	$ (90,525)	$ 32,926
2	Net Income (Loss) - 2000							10,569	10,569
3	Contribution to Paid-in Capital								
4	Dividends								
5	Prior Period Adjustments								
6									0
7									
8									
9									
10	**Balance, December 31, 2000**	3,002,510	$ 30		$	$ 123,421	$	$ (79,956)	$ 43,495
11	Net Income (Loss) - 2001							4,083	4,083
12	Contribution to Paid-in Capital								
13	Dividends								
14	Prior Period Adjustments								
15									
16									
17									
18									
19	**Balance, June 30, 2001**	3,002,510	$ 30		$	$ 123,421	$	$ (75,873)	$ 47,578

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND THE SIX MONTHS ENDED JUNE 30, 2001

(UNAUDITED)
($ IN THOUSANDS)

NOT APPLICABLE

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1999....				
2	Net Income (Loss) - 2000.......				
3	Capital Contributions...........				
4	Capital Withdrawals............				
5	Partnership Distributions........				
6	Prior Period Adjustments........				
7					
8					
9					
10	Balance, December 31, 2000....				
11	Net Income (Loss) - 2001.......				
12	Capital Contributions...........				
13	Capital Withdrawals............				
14	Partnership Distributions........				
15	Prior Period Adjustments........				
16					
17					
18					
19	Balance, June 30, 2001.........				

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2001 and 2000

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
1	Net Cash Provided (Used) By Operating Activities.	$ 9,364	$ 27,374
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.	-	-
3	Proceeds from the sale of short-term investment securities.	-	-
4	Cash outflows for property and equipment	(5,934)	(5,098)
5	Proceeds from disposition of property and equipment	153	13
6	Purchase of casino reinvestment obligations	(1,776)	(952)
7	Purchase of other investments and loans/advances made	-	-
8	Proceeds from disposal of investment and collection of advances and long-term receivables.	-	-
9	Cash outflows to acquire business entities.	-	-
10	Increase in contsruction - related liabilities.	-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities.	(7,557)	(6,037)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	-	-
14	Payments to settle short-term debt.	-	-
15	Cash proceeds from issuance of long-term debt.	-	-
16	Costs of issuing debt.	-	-
17	Payments to settle long-term debt.	-	-
18	Cash proceeds from issuing stock or capital contribution	-	-
19	Purchases of treasury stock	-	-
20	Payments of dividends or capital withdrawals.	-	-
21	Change in payable to affiliate.	(5,019)	(22,666)
22	Debt retirement costs	-	-
23	Net Cash Provided (Used) By Financing Activities	(5,019)	(22,666)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(3,212)	(1,329)
25	Cash And Cash Equivalents At Beginning Of Year.	22,496	21,447
26	Cash And Cash Equivalents At End Of Year.	$ 19,284	$ 20,118

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized)	$ 8,981	$ 8,976
28	Income taxes paid (refunded) - net	$ 2,944	$ 4,285

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2001 and 2000

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 4,083	$ 6,206
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	9,810	9,790
31	Amortization of other assets	1,527	1,527
32	Amortization of debt discount or premium	-	-
33	Deferred income taxes - current	-	-
34	Deferred income taxes - noncurrent	-	-
35	(Gain) loss on disposition of property and equipment	135	8
36	(Gain) loss on casino reinvestment obligations	830	718
37	(Gain) loss from other investment activities	-	-
38	Net (increase) decrease in receivables and patrons' checks	(6,121)	4,247
39	Net (increase) decrease in inventories	2	45
40	Net (increase) decrease in other current assets	(179)	(594)
41	Net (increase) decrease in other assets	(163)	(912)
42	Net increase (decrease) in accounts payables	(2,969)	844
43	Net increase (decrease) in other current liabilities excluding debt	2,505	5,297
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(96)	198
45	Loss on extinguishment of debt, net of tax benefit of $	-	-
46	Amortization of CRDA assets	-	-
47	Net Cash Provided (Used) By Operating Activities	$ 9,364	$ 27,374

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

LINE	DESCRIPTION	2001	2000
	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 5,934	$ 5,098
49	Less: Capital lease obligations incurred	-	-
50	Cash Outflows For Property And Equipment	$ 5,934	$ 5,098
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$ -	$ -
52	Goodwill acquired	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment	-	-
54	Long-term debt assumed	-	-
55	Issuance of stock or capital invested	-	-
56	Cash Outflows To Acquire Business Entities	$ -	$ -
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	$ -	$ -
58	Less: Issuances to settle long-term debt	-	-
59	Consideration in acquisition of business entities	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$ -	$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, CORP. (Atlantic City Hilton)

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE THREE MONTHS ENDED JUNE 30, 2001

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	88,173	$ 3,836		$
2	Food	367,127	4,660		
3	Beverage	843,999	2,195		
4	Travel			15,876	728
5	Bus Program Cash			214,197	3,409
6	Other Cash Complimentaries			205,185	11,947
7	Entertainment	10,743	357	1,774	221
8	Retail & Non-Cash Gifts	5,762	432	11,538	426
9	Parking				
10	Other *	4,669	99	53,683	437
11	Total	1,320,473	$ 11,579	502,253	$ 17,168

FOR THE SIX MONTHS ENDED JUNE 30, 2001

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	176,719	$ 7,311		$
2	Food	736,759	9,317		
3	Beverage	1,695,333	4,408		
4	Travel			29,043	1,456
5	Bus Program Cash			406,809	6,855
6	Other Cash Complimentaries			346,304	20,080
7	Entertainment	22,264	722	2,482	310
8	Retail & Non-Cash Gifts	10,214	740	21,472	528
9	Parking				
10	Other *	8,619	198	116,407	877
11	Total	2,649,908	$ 22,696	922,517	$ 30,106

* No item in this category exceeds 5%.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

The accompanying financial statements include the accounts of GNOC, Corp., a New Jersey corporation (the "Company"). The Company is a wholly owned subsidiary of Bally's Park Place, Inc., which owns and operates the casino hotel resort in Atlantic City, New Jersey known as Bally's Atlantic City ("Bally's Atlantic City"), which is a wholly owned subsidiary of Park Place Entertainment Corporation ("PPE"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Atlantic City Hilton." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2000.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at June 30, 2001 and 2000, and its statements of income for the three and six months ended June 30, 2001 and 2000 and its statements of cash flows for the six months ended June 30, 2001 and 2000. All such adjustments were of a normal recurring nature.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the six months ended June 30, 2001 and 2000 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2001. These reclassifications had no impact on previously reported net income.

Inventories

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

Property and equipment

Depreciation of property and equipment is provided on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was $4,938 and $4,832 for the three months ended June 30, 2001 and 2000, respectively, and $9,810 and $9,790 for the six months ended June 30, 2001 and 2000, respectively.

Asset class	Life
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Costs in excess of acquired assets

In 1987, Bally Entertainment Corporation (formerly the parent of the Company) acquired the Company, other related properties and real estate leases in a transaction which was accounted for as a purchase. The excess of the total acquisition cost and debt assumed over the fair value of net assets acquired (goodwill) is being amortized on the straight-line method over forty years.

Long-lived assets

The provisions of Statement of Financial Accounting Standard No. 121 "Accounting for the Impairment of Long-Lived Assets," require, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company does not believe that any such changes have occurred.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at June 30, 2001 and 2000.

Income taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the results of operations. The corresponding liability or receivable is credited or charged to PPE. Deferred income tax assets and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. In addition, the Company leases land from Bally's Atlantic City.

Advertising and Marketing Fee

Hilton Hotels Corporation charges the Company for certain hotel reservation services, and advertising and marketing support in accordance with the fees established for participation in Hilton Reservations Worldwide and the Hilton HHonors Programs, as well as a national and regional group advertising and sales promotions services fee (the "National Advertising Fee") equal to 1% of net room revenues.

New Accounting Standards

Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS 133 January 1, 2001. The adoption of SFAS 133 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The amortization provisions of SFAS 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, calendar year companies would be required to adopt SFAS 142 effective January 2002.

The Company is currently reviewing this standard to determine the impact of adoption on accounting and financial reporting practices related to previous business combinations and the goodwill recorded. During the six months ended June 30, 2001, the Company recorded $1,527 in goodwill amortization, which under the new standards may cease effective January 2002. The Company is evaluating goodwill for separable intangibles with finite lives that will continue to be amortized under SFAS 142.

(All dollar amounts in thousands)

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of June 30 consist of the following:

	2001	2000
Casino receivables (net of allowance for doubtful accounts – 2001, $10,131; 2000, $5,550)	$ 12,533	$ 11,925
Receivable from CRDA (See Note 3)	-	583
Other (net of allowance for doubtful accounts – 2001, $189; 2000, $190)	1,733	2,184
Due from affiliates	2,068	948
	$16,334	$ 15,640

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of June 30, 2001 and 2000 consist of funds invested with the CRDA, net of related valuation reserves of $5,246 and $4,612 at June 30, 2001 and 2000, respectively.

The Company has a credit agreement dated October 15, 1996, with the CRDA for approximately $12,474 in funding for its 308 room hotel tower expansion which was completed in July 1997. The Company has received all funding from the CRDA under this agreement based on expenditures made for the project.

The Company, Bally's Atlantic City and the CRDA entered into a credit exchange agreement and an investment agreement in 1998. The credit exchange agreement permits the exchange of certain current and future CRDA obligations between the Company and Bally's Atlantic City, resulting in a long-term payable to Bally's Atlantic City (See Note 9). The investment agreement provides an investment plan for the use of certain current and future CRDA funds. These agreements have accelerated the funding of credits due the Company under the aforementioned credit agreement.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consist of the following:

	2001	2000
Land	$ 66,655	$ 66,655
Buildings and improvements	307,979	300,154
Furniture, fixtures and equipment	149,712	148,494
Construction in progress	2,946	1,843
	527,292	517,146
Less accumulated depreciation and amortization	(221,588)	(203,380)
	$ 305,704	$ 313,766

NOTE 5 - OTHER ASSETS

Other assets as of June 30 consist of the following:

	2001	2000
Cost in excess of acquired assets, less accumulated amortization of $43,110 and $40,057	$ 78,365	$ 81,418
Other	163	4,713
	$ 78,528	$ 86,131

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of June 30 consist of the following:

	2001	2000
Accrued payroll and benefits	$10,170	$11,071
Insurance claims	4,443	3,501
Other	7,515	7,819
	$22,128	$22,391

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of June 30 consist of the following:

	2001	2000
Due to Bally's Atlantic City	$ 688	$ 460
Due to Atlantic City Country Club, Inc.	673	447
Due to affiliates-other	1,586	666
Unredeemed slot promotions liability	2,265	2,388
Unredeemed chip and token liability	921	640
Other	466	489
	$ 6,599	$ 5,090

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of June 30 consist of the following:

	2001	2000
9% Note payable to Park Place Finance Corporation due January 1, 2009	$200,000	$200,000

In January 1999, the Company declared a $200,000 distribution payable in the form of a note payable to Bally's Atlantic City. Bally's Atlantic City then immediately assigned the $200,000 note payable to PPE. On July 1, 2000, PPE assigned the $200,000 note payable to Park Place Finance Corporation. The note payable bears interest at a rate of 9% per annum, payable on the last business day of each quarter.

(All dollar amounts in thousands)

NOTE 9 - OTHER LIABILITIES

Other liabilities as of June 30 consist of the following:

	2001	2000
Due to PPE	$152,236	$168,933
Due to Bally's Atlantic City (See Note 3)	955	1,768
Retirement plan	-	4,712
	$153,191	$175,413

Due to PPE consists of an unsecured, non-interest bearing intercompany account.

NOTE 10 - STOCKHOLDER'S EQUITY

At June 30, 2001 and 2000, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,510 were issued and outstanding.

NOTE 11 – CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration of the performance of these duties, the Company pays PPE a monthly management fee equal to three percent of revenues (net of complimentary services).

(All dollar amounts in thousands)

NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended June 30 consist of the following:

	2001	2000
Interest income	$ 109	$ 79
Gain (loss) on disposal of equipment	-	(19)
	$ 109	$ 60

Nonoperating income (expense) for the six months ended June 30 consist of the following:

	2001	2000
Interest income	$ 201	$ 229
Gain (loss) on disposal of equipment	(135)	(8)
	$ 66	$ 221

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

Signature

Assistant Vice President/Controller
Title

006243-11
License Number

On Behalf of:

GNOC, Corp. (Atlantic City Hilton)
Casino License